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Town of Lutchter

2008 Financial Statements

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Release Date 10/29/08

TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutchter, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Lutchter, Louisiana, as of and for the year ended April 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Lutchter, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Town of Lutchter's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Lutchter, Louisiana, as of April 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2008, on our consideration of the Town of Lutchter, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 38 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Litcher, Louisiana's basic financial statements. The performance and statistical data section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The performance and statistical data section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

For Litcher, Louisiana

Donaldsonville, Louisiana
August 11, 2008





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutch, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Town of Lutch, Louisiana, as of and for the year ended April 30, 2008, which collectively comprise the Town of Lutch, Louisiana's basic financial statements and have issued our report thereon dated August 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Lutch, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lutch, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Lutch, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Lutch, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Lutch, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Lutch, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting [08-1].

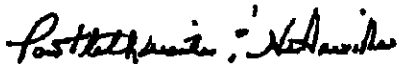
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Lutch, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Litcher, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Aldermen, management, others within the organization, federal awarding agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Donaldsonville, Louisiana
August 11, 2008



TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2008. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets increased by \$235,746 or 6.03% over the course of this year's operations. Net assets of our governmental activities increased \$92,193 or 5.22%. Net assets of our business-type activities increased \$143,553 or 6.70%.
- During the year, the Town's governmental type expenses were \$92,193 less than the \$876,443 generated in charges for services, taxes, and other revenue. In the Town's business-type activities, expenses were \$143,553 less than the \$1,244,254 generated in revenues.
- The general fund reported a \$644,912 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, drainage, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—Most of the Town's basic services are included here, such as the police, streets and drainage, sanitation, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Town has two kinds of funds:

- Governmental funds—Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

- Proprietary funds—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
 - In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets increased between fiscal years ended April 30, 2007 and April 30, 2008 to approximately \$4,142,959. (See Table A-1.)

Table A-1					
Town's Net Assets					
	Governmental Activities			Business-Type Activities	
	2008		2007	2008	2007
Current and other assets	\$ 1,049,792		\$ 990,380	\$1,089,773	\$ 720,903
Capital assets	847,527		897,014	1,704,368	1,913,350
Restricted Assets	272,532		250,871	155,996	148,894
Total assets	2,169,851		2,138,265	2,950,137	2,783,147
Current liabilities	120,973		124,580	497,498	418,095
Long term Liabilities	192,000		249,000	166,558	222,524
Total liabilities	312,973		373,580	664,056	640,619
Net assets					
Invested in capital assets,					
net of related debt	598,527		774,590	1,509,844	1,664,517
Reserved for debt service	333,020		311,494	33,952	31,880
Reserved for road maintenance	326,481		450,325	-	-
Unrestricted (deficit)	598,850		228,276	742,285	446,131
Total net assets	\$1,856,878		\$1,764,685	\$2,286,081	\$2,142,528

Net assets of the Town's governmental activities increased 5.22 percent to \$1,856,878. Net assets of the Town's business-type activities increased 6.70 percent to approximately \$2,286,081.

Changes in net assets. The Town's total revenues for the year ended April 30, 2008 increased by \$140,918 to \$2,120,697. Approximately 66.03 percent of the Town's revenue comes from charges for services and 17.53 percent comes from tax collections.

The Town's total expenses for the year ended April 30, 2008 increased by \$112,037 to \$1,884,951. Approximately 58.39 percent of the Town's expenses come from its business-type activities and 41.6 percent come from its governmental activities. (See Table A-2)

TOWN OF LUTCHER.**Lutcher, Louisiana****MANAGEMENT'S DISCUSSION AND ANALYSIS****April 30, 2008****Governmental Activities**

Revenues for the Town's governmental activities decreased by \$179,213 or 16.98 percent. Approximately 42.41 percent of these revenues come from taxes and 24.93 percent come from charges for services.

Expenses for the Town's governmental activities decreased by \$6,532 or 0.83 percent. Approximately 34.13 percent of these expenses come from streets and drainage activities and 26.31 percent come from general government activities.

Table A-2					
Changes in Town's Net Assets					
	Governmental Activities			Business-Type Activities	
	2008	2007		2008	2007
Revenues					
Program revenues					
Charges for services	\$ 218,482	\$ 339,737		\$ 1,181,764	\$ 817,104
Capital grants and contributions	-	2,333		-	-
General revenues					
Taxes	371,684	382,394		-	-
Commissions	86,573	90,498		-	-
Licenses and permits	125,631	120,697		-	-
Fines and forfeitures	8,188	2,444		-	-
Other revenues	65,885	117,553		62,490	109,352
Total revenues	876,443	1,055,656		1,244,254	926,456
Expenses					
General government	206,338	235,590		-	-
Streets and Drainage	267,648	266,602		-	-
Public Safety	98,799	102,693		-	-
Sanitation	198,117	169,752		-	-
Debt Service	13,348	16,145		-	-
Water	-	-		540,058	493,308
Sewer	-	-		560,643	488,824
Total expenses	784,250	790,782		1,100,701	982,132
Increase (decrease) in net assets	92,193	264,874		143,553	(55,676)
Beginning Net Assets	1,764,685	1,499,811		2,142,528	2,198,204
Ending Net Assets	\$1,856,878	\$ 1,764,685		\$2,286,081	\$2,142,528

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

Business-type Activities

Revenues for the Town's business-type activities increased by \$317,798 or 34.30 percent. Approximately 94.98 percent of these revenues come from charges for services.

Expenses for the Town's business-type activities increased by \$118,569 or 12.07 percent. Approximately 50.94 percent of these expenses come from sewer activities and 49.06 percent comes from water activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$1,258,577, an increase of \$80,777 or 6.86 percent from last year.

General Fund Budgetary Highlights

The Town Council amended its original budget for the fiscal year. Actual revenues exceeded budgeted revenues by \$35,102, while actual expenditures were approximately \$91,093 less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of April 30, 2008, the Town had invested \$2,551,895 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of approximately \$258,469 or 9.2 percent, compared to last year. More information about the Town's capital assets is presented in Note 2 to the financial statements.

Table A-3					
Town's Capital Assets					
	Governmental Activities			Business Activities	
	2008	2007		2008	2007
Land and Improvements	\$ 49,005	\$ 49,005		\$ 49,925	\$ 49,925
Buildings and Improvements	250,806	249,756		6,084,726	6,005,484
Lutcher Park	345,635	345,635		-	-
Streets	270,376	265,764		-	-
Drainage	317,649	311,947		-	-
Equipment	289,817	299,399		-	-
Construction in Progress	-	-		104,931	104,931
Water and Sewer Facility and System	-	-		129,353	157,504
Less: Accumulated Depreciation	(675,761)	(624,492)		(4,664,567)	(4,404,494)
Total	\$ 847,527	\$ 897,014		\$1,704,368	\$1,913,350

This year's major capital asset additions included:

- #2 Water Filter repairs totaling \$43,072
- Street Repairs totaling approximately \$23,000
- Lift Station repairs totaling approximately \$10,000

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

The Town's fiscal year 2008-2009 capital budget estimates the spending of approximately \$1,050,000 for capital projects, \$300,000 for updates and repairs to the Sewer Treatment Facility and \$750,000 for Water Improvement Projects. The Town has applied for grant and loan funds in the amount of \$750,000 for Water Improvement Projects which include improvements to the Water intake structure; all of these funds have not been approved thus far.

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$443,524 as compared to \$554,833 in the prior year, a decrease of \$111,309 or 20.06 percent. (See Table A-4) This decrease is due to the payments of annual requirements. More information about the Town's long-term liabilities is presented in Note 3 to the financial statements.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

Table A-4 Town's Outstanding Debt					
	Governmental Activities		Business Activities		
	2008	2007	2008	2007	
General Obligation Bonds	\$ 249,000	\$ 306,000	\$ -	\$ -	
Sewer Revenue Bonds	-	-	194,524	248,833	
Total	\$ 249,000	\$ 306,000	\$ 194,524	\$ 248,833	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from taxes (sales & property), garbage fees, licenses and permits, and commissions by 34%, 26%, 14% and 10%, respectively. The economy is not expected to generate any significant growth. Expenditures are expected to increase in the streets and drainage department for sidewalk repairs, a parish road project, and capital improvements to the drainage system and streets. Expenditures are also expected to increase in the public safety department for deputy payroll and related payroll expenditures.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Vanessa Roussel, Town Clerk, PO Box 456, Lutcher, LA 70071.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET ASSETS
APRIL 30, 2008

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>ASSETS</u>			
Cash	\$ 608,836	\$ 736,248	\$ 1,345,084
Certificates of deposit	100,000	151,768	251,768
Receivables:			
Taxes	30,564	-	30,564
Accounts, net	20,439	188,883	209,322
Other receivables	4,160	292	4,452
Due from other funds	285,052	-	285,052
Prepaid insurance	741	1,039	1,780
Restricted assets:			
Cash	117,511	98,742	216,253
Certificates of deposit	155,021	11,000	166,021
Investments	-	46,254	46,254
Capital assets (net)	847,527	1,704,368	2,551,895
Bond issue costs (net)	-	11,543	11,543
Total assets	2,169,851	2,950,137	5,119,988
<u>LIABILITIES</u>			
Accounts payable	48,681	77,465	126,146
Customer service meter deposits	-	85,465	85,465
Accrued payables	15,292	21,550	36,842
Due to other funds	-	285,052	285,052
Long-term liabilities			
Due within one year	57,000	27,966	84,966
Due in more than one year	192,000	166,558	358,558
Total liabilities	312,973	664,056	977,029
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	598,527	1,509,844	2,108,371
Restricted for			
Debt service	333,020	33,952	366,972
Road maintenance	326,481	-	326,481
Unrestricted	598,850	742,285	1,341,135
Total net assets	\$ 1,856,878	\$ 2,286,081	\$ 4,142,959

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions:							
Governmental activities:							
General government	\$ 206,338	\$ -	\$ -	\$ -	\$ (206,338)	\$ -	\$ (206,338)
Streets and drainage	267,648	-	-	-	(267,648)	-	(267,648)
Public safety	98,799	-	-	-	(98,799)	-	(98,799)
Sanitation	198,117	218,482	-	-	20,365	-	20,365
Debt service	13,348	-	-	-	(13,348)	-	(13,348)
Total governmental activities	784,250	218,482	-	-	(565,768)	-	(565,768)
Business-type activities:							
Sewer	560,643	790,656	-	-	-	230,013	230,013
Water	540,058	391,108	-	-	-	(148,950)	(148,950)
Total business-type activities	1,100,701	1,181,764	-	-	-	81,063	81,063
Total primary government	\$ 1,884,951	\$ 1,400,246	\$ -	\$ -	(565,768)	81,063	(484,705)
General revenues							
Taxes:							
Ad valorem		179,938	-	-	179,938	-	179,938
Sales taxes		191,746	-	-	191,746	-	191,746
Commissions		86,573	-	-	86,573	-	86,573
Licenses and permits		125,631	-	-	125,631	-	125,631
Fines and forfeitures		8,188	-	-	8,188	-	8,188
Other revenue		65,885	-	-	65,885	62,490	128,375
Total general revenues		657,961	-	-	657,961	62,490	720,451
Change in net assets		92,193	-	-	92,193	143,553	235,746
Net assets, beginning		1,764,685	-	-	1,764,685	2,142,528	3,907,213
Net assets, ending		\$ 1,856,878	-	-	\$ 1,856,878	\$ 2,286,081	\$ 4,142,959

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2008

	General	Debt Service	Road Maintenance	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 501,969	\$ -	\$ 106,867	\$ 608,836
Certificates of deposit	100,000	-	-	100,000
Receivables:				
Taxes	24,470	6,094	-	30,564
Interest	2,461	442	-	2,903
Accounts, net	21,696	-	-	21,696
Due from other funds	54,052	-	231,000	285,052
Restricted assets:				
Cash	-	117,511	-	117,511
Certificates of deposit	-	155,021	-	155,021
Total assets	\$ 704,648	\$ 279,068	\$ 337,867	\$ 1,321,583
<u>LIABILITIES</u>				
Accounts payable	\$ 48,681	\$ -	\$ -	\$ 48,681
Accrued payables	11,055	3,270	-	14,325
Total liabilities	59,736	3,270	-	63,006
<u>FUND BALANCE</u>				
Reserved for				
Debt service	-	275,798	-	275,798
Road maintenance	-	-	337,867	337,867
Unreserved, reported in				
General fund	644,912	-	-	644,912
Total fund equity	644,912	275,798	337,867	1,258,577
Total liabilities and fund balance	\$ 704,648	\$ 279,068	\$ 337,867	\$ 1,321,583

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
APRIL 30, 2008

Total fund balances - governmental funds		\$ 1,258,577
Cost of capital assets at April 30, 2008	1,523,288	
Less: accumulated depreciation as of April 30, 2008	<u>(675,761)</u>	847,527
Prepaid Insurance		741
Long-term liabilities at April 30, 2008		
Bonds payable	(249,000)	
Accrued interest payable	<u>(967)</u>	<u>(249,967)</u>
Total net assets at April 30, 2008 - governmental activities		<u>\$ 1,856,878</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2008

	General	Debt Service	Road Maintenance	Total Governmental Funds
<u>REVENUES</u>				
Ad valorem taxes	\$ 95,840	\$ 84,098	\$ -	\$ 179,938
Taxes	191,746	-	-	191,746
Commissions	86,573	-	-	86,573
Garbage fees	218,482	-	-	218,482
Licenses and permits	125,631	-	-	125,631
Intergovernmental revenue	13,943	-	-	13,943
Fines and forfeitures	8,188	-	-	8,188
Interest revenue	6,847	9,021	499	16,367
Other revenue	35,031	-	544	35,575
Total revenues	782,281	93,119	1,043	876,443
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	195,999	-	-	195,999
Streets and drainage	234,443	-	5,049	239,492
Public safety	91,488	-	-	91,488
Sanitation	198,117	-	-	198,117
Debt service expenditures:				
Principal retirement	-	57,000	-	57,000
Interest	-	13,570	-	13,570
Total expenditures	720,047	70,570	5,049	795,666
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	62,234	22,549	(4,006)	80,777
<u>FUND BALANCE</u>				
Beginning of year	582,678	253,249	341,873	1,177,800
End of year	\$ 644,912	\$ 275,798	\$ 337,867	\$ 1,258,577

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2008

Total net changes in fund balance - governmental funds		\$	80,777
Prepaid insurance:			3,681
Capital assets:			
Capital outlay capitalized	18,161		
Depreciation expense for the year ended April 30, 2008	<u>(67,648)</u>		<u>(49,487)</u>
Long-term debt:			
Principal portion of debt service payments	57,000		
Excess of interest paid over interest accrued	<u>222</u>		<u>57,222</u>
Change in net assets - governmental activities		\$	<u>92,193</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
APRIL 30, 2008

	Sewer Fund	Water Fund	Total
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 483,447	\$ 252,801	\$ 736,248
Certificates of deposit	121,768	30,000	151,768
Accounts receivable (net of allowance for uncollectibles)	138,074	50,809	188,883
Other current assets	235	1,096	1,331
Total current assets	<u>743,524</u>	<u>334,706</u>	<u>1,078,230</u>
<u>NONCURRENT ASSETS</u>			
<u>RESTRICTED ASSETS</u>			
Cash	68,068	30,674	98,742
Certificates of deposit	-	11,000	11,000
Investments	-	46,254	46,254
Total restricted assets	<u>68,068</u>	<u>87,928</u>	<u>155,996</u>
Capital assets, net	1,121,745	582,623	1,704,368
Bond issue costs (net)	11,543	-	11,543
Total noncurrent assets	<u>1,201,356</u>	<u>670,551</u>	<u>1,871,907</u>
Total assets	<u>1,944,880</u>	<u>1,005,257</u>	<u>2,950,137</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable	30,403	47,062	77,465
Customer meter deposits	-	85,465	85,465
Accrued payables	8,687	12,863	21,550
Due to other funds	255,007	30,045	285,052
Revenue bonds payable	27,966	-	27,966
Total current liabilities	<u>322,063</u>	<u>175,435</u>	<u>497,498</u>
<u>NONCURRENT LIABILITIES</u>			
Revenue bonds payable	166,558	-	166,558
Total noncurrent liabilities	<u>166,558</u>	<u>-</u>	<u>166,558</u>
Total liabilities	<u>488,621</u>	<u>175,435</u>	<u>664,056</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	927,221	582,623	1,509,844
Restricted for debt service	33,952	-	33,952
Unrestricted	495,086	247,199	742,285
Total net assets	<u>\$ 1,456,259</u>	<u>\$ 829,822</u>	<u>\$ 2,286,081</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHERLutcher, Louisiana**PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****YEAR ENDED APRIL 30, 2008**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for service			
Sales	\$ 313,384	\$ 379,149	\$ 692,533
Use of oxidation pond	469,514	-	469,514
Delinquent charges	7,758	11,959	19,717
Miscellaneous revenues	5,028	46,786	51,814
Total operating revenues	<u>795,684</u>	<u>437,894</u>	<u>1,233,578</u>
<u>OPERATING EXPENSES</u>			
Professional services	8,315	8,395	16,710
Payroll taxes	10,197	11,422	21,619
Retirement	8,591	8,287	16,878
Insurance	46,702	78,175	124,877
Office supplies and postage	1,582	6,083	7,665
Miscellaneous	53,660	40,627	94,287
Salaries	143,770	160,952	304,722
Oxidation pond/water plant analysis and treatment	12,423	8,652	21,075
Electricity	79,069	24,478	103,547
Materials, supplies, and repairs	33,559	48,893	82,452
Depreciation	149,547	144,094	293,641
Total operating expenses	<u>547,415</u>	<u>540,058</u>	<u>1,087,473</u>
<u>OPERATING INCOME (LOSS)</u>	<u>248,269</u>	<u>(102,164)</u>	<u>146,105</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest revenue	6,441	4,235	10,676
Interest expense	(13,228)	-	(13,228)
Total nonoperating revenues (expenses)	<u>(6,787)</u>	<u>4,235</u>	<u>(2,552)</u>
<u>CHANGE IN NET ASSETS</u>			
Net assets, beginning	<u>1,214,777</u>	<u>927,751</u>	<u>2,142,528</u>
Net assets, ending	<u>\$ 1,456,259</u>	<u>\$ 829,822</u>	<u>\$ 2,286,081</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2008

	Sewer Fund	Water Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 719,905	\$ 388,536	\$ 1,108,441
Cash paid to employees and suppliers	(356,136)	(356,782)	\$ (712,918)
Other receipts from operations	5,028	46,786	\$ 51,814
Net cash provided by operating activities	<u>368,797</u>	<u>78,540</u>	<u>447,337</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Purchases of certificates of deposit and investments	(121,768)	(70,717)	(192,485)
Maturities of certificates of deposit and investments	117,513	61,000	178,513
Interest and dividends from investments	6,441	4,235	10,676
Net cash provided by (used in) investing activities	<u>2,186</u>	<u>(5,482)</u>	<u>(3,296)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(37,254)	(47,405)	(84,659)
Principal payments on long-term debt	(54,309)	-	(54,309)
Interest paid on long-term debt	(13,228)	-	(13,228)
Net cash used in capital and related financing activities	<u>(104,791)</u>	<u>(47,405)</u>	<u>(152,196)</u>
Net increase in cash and cash equivalents	266,192	25,653	291,845
Cash and cash equivalents - beginning of year	<u>285,323</u>	<u>257,822</u>	<u>543,145</u>
Cash and cash equivalents - end of year	<u>\$ 551,515</u>	<u>\$ 283,475</u>	<u>\$ 834,990</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>			
<u>CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 248,269	\$ (102,164)	\$ 146,105
Adjustments to reconcile operating loss to net cash provided by operating activities -			
Depreciation	149,547	144,094	293,641
Amortization of bond issue costs	948	-	948
Changes in assets and liabilities -			
Increase in receivables	(70,751)	(2,572)	(73,323)
(Increase) decrease in prepaid expenses and other assets	3,027	(807)	2,220
Increase in accounts payable and other liabilities	37,757	39,989	77,746
Net cash provided by operating activities	<u>368,797</u>	<u>78,540</u>	<u>447,337</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. **Summary of Significant Accounting Policies**

The Town of Lutcher, Louisiana was incorporated on March 13, 1912, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Lutcher conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Lutcher. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.
- c. Road Maintenance Fund – This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for road maintenance.

The Town reports the following major enterprise funds:

- a. Water Fund – This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. **Summary of Significant Accounting Policies** (continued)

- b. Sewer Fund – This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Parish gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. **Summary of Significant Accounting Policies** (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, special revenue, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts included in the financial statements include the original adopted budget, and the final amended budget.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. **Summary of Significant Accounting Policies** (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, certificates of deposit, and federal obligations are stated at market value.

The Town considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town has elected not to report major general infrastructure assets retroactively. The Town began reporting infrastructure assets beginning May 1, 2005.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	7-40 years
Land Improvements	20 years
Lutcher Park	20-40 years
Streets	20 years
Drainage	20-25 years
Equipment	5-20 years

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. **Summary of Significant Accounting Policies** (continued)

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40 years
Waterworks system	40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

All fixed assets are stated at historical cost.

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

Accumulated Unpaid Vacation

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Interfund Balances / Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

1. **Summary of Significant Accounting Policies** (continued)

Reclassifications

Certain 2007 balances have been reclassified to conform to the 2008 financial statement presentation.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town carries commercial insurance for all risks of loss.

2. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended April 30, 2008, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Total
Cost at April 30, 2007	\$ 49,005	\$ 249,756	\$345,635	\$265,764	\$311,947	\$ 299,399	\$1,521,506
Additions	-	1,050	-	4,612	5,702	6,797	18,161
Deletions	-	-	-	-	-	(16,379)	(16,379)
Cost of Capital Assets April 30, 2008	49,005	250,806	345,635	270,376	317,649	\$ 289,817	\$1,523,288
Accumulated depreciation April 30, 2007	1,116	150,864	253,378	17,026	17,986	184,122	624,492
Additions	496	5,868	4,937	13,970	15,587	26,790	67,648
Deletions	-	-	-	-	-	(16,379)	(16,379)
Accumulated depreciation April 30, 2008	1,612	156,732	258,315	30,996	33,573	194,533	675,761
Capital Assets, net of accumulated depreciation at April 30, 2008	\$ 47,393	\$ 94,074	\$87,320	\$239,380	\$284,076	\$ 95,284	\$847,527

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

2. Capital Assets (continued)

Depreciation expense of \$67,648 for the year ended April 30, 2008 was charged to the following governmental functions:

General Government	\$ 14,512
Streets and Drainage	45,825
Public Safety	7,311
	<u>\$ 67,648</u>

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets April 30, 2007	\$ 49,925	\$ 6,005,484	\$ 157,504	\$ 104,931	\$ 6,317,844
Additions	-	80,121	4,538	-	84,659
Deletions	-	(879)	(32,689)	-	(33,568)
Cost of Capital Assets April 30, 2008	49,925	6,084,726	129,353	104,931	6,368,935
Accumulated depreciation April 30, 2007	15,007	4,259,662	129,825	-	4,404,494
Additions	16	284,073	9,552	-	293,641
Deletions	-	(879)	(32,689)	-	(33,568)
Accumulated depreciation April 30, 2008	15,023	4,542,856	106,688	-	4,664,567
Capital Assets, net of accumulated depreciation at April 30, 2008	<u>\$ 34,902</u>	<u>\$ 1,541,870</u>	<u>\$ 22,665</u>	<u>\$ 104,931</u>	<u>\$1,704,368</u>

In accordance with Financial Accounting Standards Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, the Town capitalizes interest in connection with construction-in-progress for Proprietary Fund types. No interest was capitalized during the year ended April 30, 2008.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2008:

	<u>Balance 4/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 4/30/08</u>
Governmental activities:				
General Obligation Refunding Bonds, Series 1998	\$ 306,000	\$ -	(\$ 57,000)	\$ 249,000
	<u>\$ 306,000</u>	<u>\$ -</u>	<u>(\$ 57,000)</u>	<u>249,000</u>
Business-type activities:				
Sewer Revenue Bonds, Series 1992	\$ 165,443	\$ -	(\$ 26,309)	\$ 139,134
Sewer Revenue Bonds, Series 2005	83,390	-	(\$ 28,000)	55,390
	<u>\$ 248,833</u>	<u>\$ -</u>	<u>(\$ 54,309)</u>	<u>\$ 194,524</u>

Bonds payable at April 30, 2008 were comprised of the following individual issues:

Governmental activities:
Debt Service Fund

\$573,000 of General Obligation Refunding Bonds,
Series 1998; due in various semi-annual installments,
including interest at 4.89%, through October 12, 2012. \$ 249,000

Business-type activities:
Sewer Fund

\$400,000 of Sewer Revenue Bonds; due in monthly
installments of \$2,976, including interest at 6.125%,
through October 5, 2012. \$ 139,134

\$840,000 of Sewer Revenue Bonds; when fully funded
due in various annual installments that will include
interest at 3.45% and an administrative fee of .50%, \$ 55,390

\$ 194,524

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

3. Changes in Long-Term Debt (continued)

The annual requirements to amortize all debt outstanding as of April 30, 2008, including interest payments of \$46,460, are as follows:

<u>Year ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 84,966	\$ 18,528	\$ 103,494
2010	95,728	13,759	109,487
2011	96,601	8,683	105,284
2012	61,592	4,408	66,000
2013	50,581	1,082	51,663
2014 – 2016	55,390	-	55,390
	<u>\$ 444,858</u>	<u>46,460</u>	<u>\$ 491,318</u>

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, maintenance of various deposit accounts and funds, and other administrative requirements.

4. Ad Valorem Taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2008 taxes of 6.92 mills were levied on property with assessed valuations totaling \$12,833,534 for general purposes. Additional taxes of 6.6 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended April 30, 2008 totaled approximately \$174,537.

5. Individual Funds with Deficits

Expenses / expenditures exceeded revenues during the fiscal year ended April 30, 2008 for the following funds:

Water Fund	\$ 97,929
------------	-----------

The deficit was covered by the fund balance carried forward from previous years.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

6. Defined Benefit Pension Plan

Substantially all employees of the Town of Lutcher are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Lutcher are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary, and the Town of Lutcher is required to contribute at an actuarially determined rate. The rate being paid by the Town was 9.75 percent of annual covered payroll for the period 5/1/2007 – 6/30/07 and 6.75 percent of annual covered payroll for the period 7/1/2007 – 4/30/08. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Lutcher are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Lutcher's contributions to the System under Plan B during the year ending April 30, 2008, 2007, and 2006 were \$23,940, \$31,044, and \$27,095, respectively. These amounts were equal to the required contributions for each year.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

7. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended April 30, 2008 for these services are as follows:

	Sewer Fund	Water Fund	Total
Operating revenues	\$ 795,684	\$ 437,894	\$ 1,233,578
Depreciation	\$ 149,547	\$ 144,094	\$ 293,641
Income (loss) from operations	\$ 248,269	(\$ 102,164)	\$ 146,105
Net income (loss)	\$ 241,482	(\$ 97,929)	\$ 143,553
Acquisitions of capital assets	\$ 37,254	\$ 47,405	\$ 84,659
Net working capital	\$ 421,461	\$ 159,271	\$ 580,732
Total assets	\$ 1,944,880	\$ 1,005,257	\$ 2,950,137
Outstanding revenue bonds	\$ 194,524	\$ -	\$ 194,524
Total equity	\$ 1,456,259	\$ 829,822	\$ 2,286,081

8. Restricted Assets

Under the terms of the bond indentures for the general obligation bonds and the sewer revenue bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

As of April 30, 2008, the Town was in compliance with all-related debt covenants.

9. Due From/To Other Funds

Individual balances due from/to other funds are as follows

Fund	Due from Other Funds	Due to Other Funds
Governmental activities:		
General Fund	\$ 54,052	\$ -
Road Maintenance Fund	231,000	-
	<u>285,052</u>	<u>-</u>
Business-type activities:		
Sewer Fund	-	255,007
Water Fund	-	30,045
	<u>-</u>	<u>285,052</u>
Total	<u>\$ 285,052</u>	<u>\$ 285,052</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

10. Cash and Certificates of Deposit

At April 30, 2008, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 150
Demand deposit accounts / savings accounts	<u>1,561,187</u>
Total	1,561,337
Certificates of deposit	<u>417,789</u>
Total deposits	<u>\$ 1,979,126</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

11. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At April 30, 2008, the Town's bank balances totaled \$2,007,280. Of these bank balances, \$400,000 was covered by federal depository insurance, \$2,898 was covered by securities investor protection corporation insurance, and \$1,604,382 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

12. Investments

As of April 30, 2008, the Town had the following investments and maturities,

<u>Investment Maturities (In Years)</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10 years</u>
Mortgage-backed Securities	\$ 46,254	\$ -	\$ -	\$ -	\$ 46,254
Total Investments	<u>\$ 46,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,254</u>

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

12. **Investments** (continued)

Credit Risk - Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Town places no limit on the amount the Town may invest in any one issuer. More than 5 percent of the Town's investments are in Federal National Mortgage Association, Ginnie Mae Trust, Federal Home Loan Mortgage Corporation, and Freddie Mac. These investments are 31.9%, 26.5%, 26.1% and 15.5%, respectively.

13. **Reserved Fund Equity**

Fund equity is reserved as follows:

	<u>Debt Service Fund</u>	<u>Sewer Fund</u>	<u>Road Maintenance Fund</u>	<u>Total</u>
Reserved for Bond Retirement	\$ 275,798	\$ 33,952	\$ -	\$ 309,750
Reserved for Road Maintenance	-	-	337,867	337,867
	<u>\$ 275,798</u>	<u>\$ 33,952</u>	<u>\$ 337,867</u>	<u>\$ 647,617</u>

14. **Commitments**

Leases that do not meet criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2008, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2009	\$ 236,034
2010	236,034
2011	236,034
2012	236,034
2013	<u>116,808</u>
	<u>\$ 1,060,944</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

15. Litigation and Claims

The Town of Lutcher is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2008

	Original • Budget	Final Amended Budget	Actual
<u>REVENUES</u>			
Taxes	\$ 230,000	\$ 279,000	\$ 287,586
Commissions	75,000	86,500	86,573
Garbage fees	201,500	201,500	218,482
Licenses	98,000	115,000	125,631
Intergovernmental revenues:			
Beer	3,000	3,000	1,567
Tobacco Tax	-	5,398	5,398
Video poker	7,000	5,700	6,978
Grants	6,500	-	-
Fines	15,000	8,100	8,188
Interest revenue	4,500	5,700	6,847
Other revenue	25,000	37,281	\$ 35,031
Total revenues	<u>665,500</u>	<u>747,179</u>	<u>782,281</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	280,500	222,290	195,999
Streets and drainage	296,400	269,300	234,443
Public safety	150,800	92,550	91,488
Sanitation	200,000	227,000	198,117
Total expenditures	<u>927,700</u>	<u>811,140</u>	<u>720,047</u>
<u>EXCESS (DEFICIENCY) OF</u>			
<u>REVENUES OVER EXPENDITURES</u>	(262,200)	(63,961)	62,234
<u>FUND BALANCE</u>			
Beginning of year	<u>592,406</u>	<u>592,406</u>	<u>582,678</u>
End of year	<u>\$ 330,206</u>	<u>\$ 528,445</u>	<u>\$ 644,912</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Salaries	\$ 82,200	\$ 81,900	93,124
Planning and zoning	10,900	10,250	4,266
Professional fees	26,000	10,950	10,839
Electricity	7,500	9,000	8,108
Insurance	38,400	31,114	21,675
Supplies and maintenance	3,000	4,200	4,420
Miscellaneous	11,500	12,776	13,451
Retirement	5,000	3,300	3,223
Office expenses	41,000	38,400	19,634
Payroll taxes	7,500	6,400	6,805
Per diem	-	-	669
Capital outlay	27,500	-	-
Dues and subscriptions	2,000	2,500	2,429
Education and conventions	8,000	2,500	1,727
Computer	3,000	3,000	115
Telephone	7,000	6,000	5,514
Total general government	<u>280,500</u>	<u>222,290</u>	<u>195,999</u>
<u>STREETS AND DRAINAGE</u>			
Salaries	62,200	73,000	76,292
Miscellaneous	7,500	8,500	2,971
Gasoline, oil, and diesel	4,000	4,500	3,891
Street drainage and ditching	7,000	3,000	9,689
Street signs	1,200	700	646
Truck and tractor expense	6,000	9,000	9,314
Supplies and maintenance	15,000	23,000	31,189
Electricity	60,000	65,000	61,733
Capital Outlay	103,500	56,900	13,254
Insurance	20,500	17,500	17,268
Retirement	4,500	3,900	3,839
Uniforms	5,000	4,300	4,357
Total streets and drainage	<u>296,400</u>	<u>269,300</u>	<u>234,443</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Salaries	\$ 74,800	\$ 63,000	\$ 64,128
Gasoline and oil	6,000	5,000	4,779
Uniforms	2,000	1,200	1,094
Telephone	2,500	3,600	3,386
Insurance	29,500	9,600	9,337
Vehicle expenses	4,000	3,000	2,482
Supplies and maintenance	4,000	1,050	795
Payroll taxes	9,000	5,000	4,657
Miscellaneous	7,500	1,100	830
Capital outlay	11,500	-	-
Total public safety	<u>150,800</u>	<u>92,550</u>	<u>91,488</u>
<u>SANITATION</u>			
Solid waste disposal	<u>200,000</u>	<u>227,000</u>	<u>198,117</u>
Total sanitation	<u>200,000</u>	<u>227,000</u>	<u>198,117</u>
 Total all departments	 <u>\$ 927,700</u>	 <u>\$ 811,140</u>	 <u>\$ 720,047</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED APRIL 30, 2008

	Original Budget	Final Amended Budget	Actual
<u>REVENUES</u>			
Ad valorem taxes	\$ 100,000	\$ 82,000	\$ 84,098
Interest revenue	300	600	9,021
Total revenues	<u>100,300</u>	<u>82,600</u>	<u>93,119</u>
<u>EXPENDITURES</u>			
Principal retirement	57,000	57,000	57,000
Interest	13,600	10,800	13,570
Total expenditures	<u>70,600</u>	<u>67,800</u>	<u>70,570</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	29,700	14,800	22,549
<u>FUND BALANCE</u>			
Beginning of year	<u>313,300</u>	<u>270,000</u>	<u>253,249</u>
End of year	<u>\$ 343,000</u>	<u>\$ 284,800</u>	<u>\$ 275,798</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
ROAD MAINTENANCE FUND
YEAR ENDED APRIL 30, 2008

	Original Budget	Final Amended Budget	Actual
<u>REVENUES</u>			
Road user tax	\$ -	\$ 9,858	\$ 544
Interest revenue	300	500	499
Other Income	1,000	544	-
Total revenues	<u>1,300</u>	<u>10,902</u>	<u>1,043</u>
<u>EXPENDITURES</u>			
Miscellaneous	-	5	-
Salaries	-	1,282	(2,038)
Professional fees	7,500	7,250	7,250
Payroll tax	-	91	(163)
Total expenditures	<u>7,500</u>	<u>8,628</u>	<u>5,049</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>(6,200)</u>	<u>2,274</u>	<u>(4,006)</u>
<u>FUND BALANCE</u>			
Beginning of year	<u>90,577</u>	<u>90,577</u>	<u>341,873</u>
End of year	<u>\$ 84,377</u>	<u>\$ 92,851</u>	<u>\$ 337,867</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER

Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Lutcher, Louisiana as of and for the year ended April 30, 2008.
2. One significant deficiency relating to the audit of the financial statements are reported in Part B of this Schedule. The deficiency is not considered a material weakness.
3. There were no instances of noncompliance relative to the financial statements of the Town of Lutcher, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, that were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

08-1 Documentation and Design of Internal Control

Condition: Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Criteria: Internal Control procedures should be adequately designed and documented.

Effect: Significant journal entries were proposed to allow the financial statements to accurately reflect the Town's operations.

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Management's Response: We concur with the finding. We will document the required components of internal control and establish procedures for the preparation of the audited financial statements.

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2008

MATERIAL WEAKNESS

None noted.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

None noted

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2008

SIGNIFICANT DEFICIENCIES

07-1 Documentation and Design of Internal Control

Condition: Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Current Status: Similar findings were noted in the April 30, 2008 audit.

07-2 Capital Assets

Condition: Capital assets are not being consistently categorized in the appropriate general ledger accounts.

Current Status: Capital assets are being tracked during the year including account category.

07-3 Physical Inventory

Condition: A physical inventory of assets was not taken in the current year.

Current Status: Physical inventory of assets was taken during the year ended April 30, 2008.

MATERIAL WEAKNESS

07-4 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to a review of non-routine transactions over the period-end financial reporting process..

Current Status: The Board of Aldermen are reviewing financial reports, along with detailed disbursement listings at their monthly board meeting.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

07-05 Security for Deposits

Condition: Deposits were unsecured as of April 30, 2007 which is a violation of LRS 39:1225.

Current Status: Deposits were secured at April 30, 2008



Town of Lutchet

Mayor
Rowdy K. Scott

St. James Parish
P. O. Box 456 Lutchet,
Louisiana 70071
Telephone: (225) 869-5823
Fax: (225) 869-9628

Town Clerk
Vanessa C. Roussel

Aldermen
Keyojuan L. Gant
Floyd A. Marshall
Dustin "Chip" Roussel
Patrick P. St.Pierre
Otis J. Schexnayder

Town Attorney
Wilbur W. Reynaud

CORRECTIVE ACTION PLAN

Chief of Police
Brian J. Melancon

August 13, 2008

Louisiana Legislative Auditor

The Town of Lutchet respectfully submits the following corrective action plan for the year ended April 30, 2008.

Name and address of independent public accounting firm: Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: May 1, 2007 – April 30, 2008

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

08-01 DOCUMENT AND DESIGN OF INTERNAL CONTROL

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, it certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Action Taken: We will identify significant risk areas and will document internal controls related to the specific risk.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Vanessa Roussel at (225) 869-5823.

Sincerely,

Vanessa C. Roussel
Vanessa Roussel
Town Clerk

"Equal Opportunity Employer"

PERFORMANCE AND STATISTICAL DATA

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE

April 30, 2008

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
General Liability (includes business, auto, crime, law enforcement, and public officials liabilities)	Risk Management, Inc.	May 1, 2008	\$2,000,000
Boiler & Machinery Eqpt.	Hartford Steamboiler	May 1, 2008	\$652,970
Public Officials Bond	Employer's Mutual	January 24, 2009	\$10,000
Commercial Property	Republic Insurance Group	June 12, 2008	\$1,846,500
FHA Bond	Employer's Mutual	January 27, 2009	\$70,000
Tractor Equipment	Hanover Insurance	March 2, 2009	Various limits totaling \$87,649
Government Crime Policy	Employer's Mutual	March 23, 2009	\$10,000
Vehicle Physical Damage	Essex	May 1, 2008	\$113,700

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2008
(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2008 the number of metered customers was 1,423 and 1,326 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2008.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2008 for water and sewer services:

(1) Water

The water rates to all water suppliers and to all water customers as users of the Town water system are as follows:

Residential Customers

0 – 2,500 gallons	\$11.00 (base rate)
Over 2,500 gallons	\$2.50 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 10,000 gallons	\$30.00 (base rate)
Over 10,000 gallons	\$3.00 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 20,000 gallons	\$45.00 (base rate)
Over 20,000 gallons	\$2.25 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 50,000 gallons	\$60.00 (base rate)
Over 50,000 gallons	\$2.00 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2008
(Without Audit)

Statistics on System Operations (continued)

(2) Sewer

The rates and charges for all customers and users of the sewerage treatment and disposal system of the Town are hereby established as follows:

Residential Customers	\$15.00 (flat rate)
Small Commercial Customers	\$40.00 (flat rate)
Medium Commercial Customers	\$90.00 (flat rate)
Large Commercial Customers	\$180.00 (flat rate)

(c) Average monthly billing per customer during the year ended April 30, 2008:

1. Water	\$ <u>22.20</u>
2. Sewer	\$ <u>18.28</u>

(d) The number of accounts greater than 30 days old as of April 30, 2008:

1. Water	276 accounts
2. Sewer	243 accounts

TOWN OF LUTCHER
Lutcher, Louisiana
WATER FUND
STATEMENTS OF NET ASSETS
APRIL 30, 2008 AND 2007

	<u>4/30/08</u>	<u>4/30/07</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 252,801	\$ 218,706
Certificates of deposit	30,000	30,000
Accounts receivable (net of allowance for uncollectibles)	50,809	48,237
Other current assets	1,096	289
Total current assets	<u>334,706</u>	<u>297,232</u>
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	30,674	39,116
Certificates of deposit	11,000	36,537
Investments	46,254	11,000
Total restricted assets	<u>87,928</u>	<u>86,653</u>
Capital assets, net	582,623	679,312
Total noncurrent assets	<u>670,551</u>	<u>765,965</u>
Total assets	<u><u>1,005,257</u></u>	<u><u>1,063,197</u></u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	47,062	41,387
Customer meter deposits	85,465	83,530
Accrued payables	12,863	10,529
Due to other funds	30,045	-
Total current liabilities	<u>175,435</u>	<u>135,446</u>
Total liabilities	<u><u>175,435</u></u>	<u><u>135,446</u></u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	582,623	679,312
Unrestricted	247,199	248,439
Total net assets	<u><u>\$ 829,822</u></u>	<u><u>\$ 927,751</u></u>

TOWN OF LUTCHER
Lutcher, Louisiana
SEWER FUND
STATEMENTS OF NET ASSETS
APRIL 30, 2008 AND 2007

	<u>4/30/08</u>	<u>4/30/07</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 483,447	\$ 223,082
Certificates of deposit	121,768	117,513
Accounts receivable (net of allowance for uncollectibles)	138,074	67,323
Other current assets	235	3,262
Total current assets	<u>743,524</u>	<u>411,180</u>
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	68,068	62,241
Total restricted assets	68,068	62,241
Capital assets, net	1,121,745	1,234,038
Bond issue costs (net)	11,543	12,491
Total noncurrent assets	<u>1,201,356</u>	<u>1,308,770</u>
Total assets	<u>1,944,880</u>	<u>1,719,950</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	30,403	16,886
Accrued payables	8,687	8,454
Due to other funds	255,007	231,000
Revenue bonds payable	27,966	26,309
Total current liabilities	<u>322,063</u>	<u>282,649</u>
<u>NONCURRENT LIABILITIES</u>		
Revenue bonds payable	166,558	222,524
Total noncurrent liabilities	<u>166,558</u>	<u>222,524</u>
Total liabilities	<u>488,621</u>	<u>505,173</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	927,221	985,205
Restricted for debt service	33,952	31,880
Unrestricted	495,086	197,692
Total net assets	<u>\$ 1,456,259</u>	<u>\$ 1,214,777</u>

TOWN OF LUTCHERLutcher, Louisiana**WATER FUND****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****YEARS ENDED APRIL 30, 2008 AND 2007**

	<u>4/30/08</u>	<u>4/30/07</u>
<u>OPERATING REVENUES</u>		
Charges for service		
Sales	\$ 379,149	\$ 348,570
Delinquent charges	11,959	11,927
Miscellaneous revenues	46,786	93,931
Total operating revenues	<u>437,894</u>	<u>454,428</u>
<u>OPERATING EXPENSES</u>		
Professional services	8,395	13,028
Payroll taxes	11,422	9,188
Retirement	8,287	10,740
Insurance	78,175	82,224
Office supplies and postage	6,083	5,354
Miscellaneous	40,627	31,831
Salaries	160,952	130,531
Oxidation pond/water plant analysis and treatment	8,652	5,592
Electricity	24,478	24,869
Materials, supplies, and repairs	48,893	34,246
Depreciation	144,094	145,705
Total operating expenses	<u>540,058</u>	<u>493,308</u>
<u>OPERATING LOSS</u>	<u>(102,164)</u>	<u>(38,880)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	4,235	5,070
Total nonoperating revenues (expenses)	<u>4,235</u>	<u>5,070</u>
<u>CHANGE IN NET ASSETS</u>	<u>(97,929)</u>	<u>(33,810)</u>
Net assets, beginning	<u>927,751</u>	<u>961,561</u>
Net assets, ending	<u>\$ 829,822</u>	<u>\$ 927,751</u>

TOWN OF LUTCHERLutcher, Louisiana**SEWER FUND****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****YEARS ENDED APRIL 30, 2008 AND 2007**

	<u>4/30/08</u>	<u>4/30/07</u>
<u>OPERATING REVENUES</u>		
Charges for service		
Sales	\$ 313,384	\$ 312,360
Use of oxidation pond	469,514	137,022
Delinquent charges	7,758	7,225
Miscellaneous revenues	5,028	4,677
Total operating revenues	<u>795,684</u>	<u>461,284</u>
<u>OPERATING EXPENSES</u>		
Professional services	8,315	10,968
Payroll taxes	10,197	7,941
Retirement	8,591	8,122
Insurance	46,702	34,087
Office supplies and postage	1,582	936
Miscellaneous	53,660	48,499
Salaries	143,770	109,630
Oxidation pond/water plant analysis and treatment	12,423	12,078
Electricity	79,069	71,029
Materials, supplies, and repairs	33,559	21,179
Depreciation	149,547	149,583
Total operating expenses	<u>547,415</u>	<u>474,052</u>
<u>OPERATING INCOME (LOSS)</u>	<u>248,269</u>	<u>(12,768)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	6,441	5,674
Interest expense	(13,228)	(14,772)
Total nonoperating revenues (expenses)	<u>(6,787)</u>	<u>(9,098)</u>
<u>CHANGE IN NET ASSETS</u>	<u>241,482</u>	<u>(21,866)</u>
Net assets, beginning	<u>1,214,777</u>	<u>1,236,643</u>
Net assets, ending	<u>\$ 1,456,259</u>	<u>\$ 1,214,777</u>

TOWN OF LUTCHER
Lutcher, Louisiana
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2008 AND 2007

	<u>4/30/08</u>	<u>4/30/07</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$ 388,536	\$ 361,868
Cash paid to employees and suppliers	(356,782)	(327,739)
Other receipts from operations	46,786	93,931
Net cash provided by operating activities	<u>78,540</u>	<u>128,060</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of certificates of deposit and investments	(70,717)	(76,000)
Maturities of certificates of deposit and investments	61,000	82,144
Interest and dividends from investments	4,235	5,070
Net cash (used in) provided by investing activities	<u>(5,482)</u>	<u>11,214</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition of capital assets	(47,405)	(35,573)
Net cash used in capital and related financing activities	<u>(47,405)</u>	<u>(35,573)</u>
Net increase in cash and cash equivalents	25,653	103,701
Cash and cash equivalents - beginning of year	<u>257,822</u>	<u>154,121</u>
Cash and cash equivalents - end of year	<u><u>\$ 283,475</u></u>	<u><u>\$ 257,822</u></u>

TOWN OF LUTCHER
Lutcher, Louisiana
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2008 AND 2007

	<u>4/30/08</u>	<u>4/30/07</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>		
<u>CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating loss	\$ (102,164)	\$ (38,880)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	144,094	145,705
Changes in assets and liabilities -		
(Increase) decrease in receivables	(2,572)	1,371
(Increase) decrease in prepaid expenses and other assets	(807)	122
Increase in accounts payable and other liabilities	39,989	19,742
Net cash provided by operating activities	<u>78,540</u>	<u>128,060</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2008 AND 2007

	<u>4/30/08</u>	<u>4/30/07</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$ 719,905	\$ 474,340
Cash paid to employees and suppliers	(356,136)	(336,803)
Other receipts from operations	5,028	4,677
Net cash provided by operating activities	<u>368,797</u>	<u>142,214</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of certificates of deposit and investments	(121,768)	(117,513)
Maturities of certificates of deposit and investments	117,513	113,159
Interest and dividends from investments	6,441	5,674
Net cash provided by investing activities	<u>2,186</u>	<u>1,320</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition of capital assets	(37,254)	(13,293)
Proceeds from issuance of long-term debt	-	3,000
Principal payments on long-term debt	(54,309)	(24,750)
Interest paid on long-term debt	(13,228)	(14,772)
Net cash used in capital and related financing activities	<u>(104,791)</u>	<u>(49,815)</u>
Net increase in cash and cash equivalents	266,192	93,719
Cash and cash equivalents - beginning of year	<u>285,323</u>	<u>191,604</u>
Cash and cash equivalents - end of year	<u>\$ 551,515</u>	<u>\$ 285,323</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2008 AND 2007

	<u>4/30/08</u>	<u>4/30/07</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>		
<u>CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	\$ 248,269	\$ (12,768)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	149,547	149,583
Amortization of bond issue costs	948	948
Changes in assets and liabilities -		
(Increase) decrease in receivables	(70,751)	13,223
Increase in prepaid expenses and other assets	3,027	1,904
Increase (decrease) in accounts payable and other liabilities	37,757	(10,676)
Net cash provided by operating activities	<u>368,797</u>	<u>142,214</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2008

	<u>Address</u>	<u>Phone Number</u>	<u>Salaries during the year ended April 30, 2008</u>
Mayor:			
Rowdy K. Scott	1596 Cabanose Avenue Lutcher, Louisiana 70071	(225) 869-9672	\$ 14,400
Aldermen:			
Otis Schexnayder	P.O. Box 51 Lutcher, Louisiana 70071	(225) 869-4847	4,375
Jason P. Amato	1168 Marquette Drive Lutcher, Louisiana 70071	(225) 869-8347	3,250
Keyojuan L. Gant	P.O. Box 835 Gramercy, Louisiana 70052	(225) 869-7525	4,375
Floyd Marshall	P.O. Box 861 Lutcher, Louisiana 70071	(225) 869-8482	4,375
Patrick St. Pierre	P.O. Box 1128 Lutcher, Louisiana 70071	(225) 869-1050	4,400
Clifford Kliebert	P.O. Box 413 Lutcher, Louisiana 70071	(225) 869-5101	350
Dustin Roussel	1330 Third Street Lutcher, Louisiana 70071	(225) 258-4181	775
Chief of Police:			
Brian Melancon	P.O. Box 238 Lutcher, Louisiana 70071	(225) 869-8354	18,000
			<hr/>
			<u>\$ 54,300</u>